

TELEGRAM

AMEMBASSY Dacca

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TO AMEMBASSY Dacca 8589
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E.O. 11652: N/A

TAGS:

SUBJECT: REAR ADMIRAL KHAN'S MEETING WITH ADMINISTRATOR
PARKER, JULY 1, 1976

SUMMARY: IN MEETING WITH ADMINISTRATOR ALSO ATTENDED BY
AMBASSADOR SIDDIQI, MINISTERS KABIR AND KARIN, AA/ASIA
GARDINER AND BECKMAN, ASIA/SA, MOST IMPORTANT ITEMS ON
KHAN'S AGENDA WERE REQUESTS FOR U.S. ASSISTANCE IN
REHABILITATING RAILWAYS AND FOR SUPPLY OF SIX
HELICOPTERS. PARKER INDICATED IT NOT POSSIBLE FOR AID
TO BE RESPONSIVE REGARDING HELICOPTERS. AID REPRESENTATIVES
MADE SUGGESTION THAT SPECIAL MEETING OF BANGLADESH AID
GROUP BE CONVENED IN Dacca TO ADDRESS NEEDS OF TRANSPORT
AND COMMUNICATIONS SECTOR. END SUMMARY.

1. ADMIRAL KHAN IN HIS OPENING REMARKS STATED THAT BDG
WANTS TO EMPHASIZE QUOTE SHORT-GESTATION UNQUOTE
PROJECTS TO SPEED AGRICULTURAL DEVELOPMENT AND EARN
FOREIGN EXCHANGE, AND TO QUOTE CONNECT UP UNQUOTE VILLAGES
THROUGH RURAL ELECTRIFICATION. A.I.D. SUPPORT IN THE
TRANSPORTATION SECTOR WOULD BE PARTICULARLY HELPFUL
BECAUSE PORT AND RAILWAYS BOTTLENECKS ARE SLOWING
DEVELOPMENT PROGRESS IN THE COUNTRY AS A WHOLE, THE
ADMIRAL NOTED THAT BDG HAS PREPARED A NUMBER OF PROJECTS
FOR DONOR CONSIDERATION AND THAT PROJECT IMPLEMENTATION
CELLS HAVE BEEN ESTABLISHED IN EACH MINISTRY.

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UNFORTUNATELY MUCH TIME IS NOW LOST BECAUSE EACH DONOR REQUIRES EXTENSIVE FEASIBILITY STUDIES PRIOR TO IMPLEMENTING ITS ASSISTANCE.

2. MR. PARKER OBSERVED THAT OUR STRESS IS ON AGRICULTURE AND FAMILY PLANNING AND THAT WE LOOK TO OTHER DONORS TO PROVIDE ASSISTANCE IN SECTORS SUCH AS TRANSPORTATION AND COMMUNICATION. (GARDINER SAID WE WOULD BE ABLE TO CONSIDER ASSISTANCE TO RURAL ROADS IN AGRICULTURE DEVELOPMENT CONTEXT.) ACKNOWLEDGING PROBLEMS WHICH RESULT FROM NECESSITY OF RESPONDING TO DIVERSE DONOR PRACTICES AND CONCERNS, PARKER ASKED THE ADMIRAL IF IT WOULD BE HELPFUL FOR A.I.D. TO PROVIDE TECHNICAL ASSISTANCE IN SYSTEMS ANALYSIS. PARKER OFFERED TO MAKE AVAILABLE AN NAS STUDY OF HOW SYSTEMS ANALYSIS CAN BE APPLIED TO LDC ADMINISTRATIVE MANAGEMENT PROBLEMS. PARKER ALSO SUGGESTED THAT THE FIXED AMOUNT REIMBURSEMENT APPROACH, BECAUSE IT IS BASED ON STANDARDIZED DESIGN CRITERIA, MIGHT BE MORE WIDELY UTILIZED TO SPEED PROJECT EXECUTION AND REDUCE NEED FOR EXTENSIVE FEASIBILITY WORK.

3. TURNING TO WHAT HE TERMED QUOTE THE SPECIFICS UNQUOTE ADMIRAL KHAN OPENED SUBJECT OF PL 480, FIRST OF A SERIES OF ISSUES RELATING TO U.S. ASSISTANCE PROGRAMS IN BANGLADESH.

A. KHAN STATED THAT BANGLADESH REQUIRED AN INCREASED TITLE I ALLOCATION FOR FY 1977. GARDINER EXPLAINED WE WOULD REVIEW BANGLADESH REQUIREMENTS WITH GREAT SYMPATHY BUT AT PRESENT HAVE BEEN FOCUSING OUR ATTENTION, TOGETHER WITH THE BANGLADESH GOVERNMENT, ON ASSESSING NEEDS DURING THE NEXT SIX MONTHS GIVEN THE GOOD FOODGRAIN STOCK POSITION.

B. KHAN DID NOT PURSUE QUESTION OF TITLE I LEVEL FURTHER, BUT NEXT RAISED THE ISSUE OF CURRENCY USE PAYMENT REQUIRED UNDER RECENT TITLE I AGREEMENTS. HE ASKED THAT WE MEET OUR LOCAL CURRENCY NEEDS QUOTE AS IN THE PAST UNQUOTE. GARDINER ASSURED HIM THAT CUP PROVISION IS BEING APPLIED WORLD-WIDE BUT SAID WE WOULD TAKE NOTE THAT ISSUE HAS BEEN RAISED AND WOULD REVIEW MATTER. PARKER RAISED POSSIBILITIES LOAN FORGIVENESS, ALSO QUOTE CORE UNQUOTE PROGRAMMING.

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C. THE ADMIRAL ASKED THAT WE INCREASE TITLE II FOOD-FOR-WORK ALLOCATION FOR NEXT YEAR TO 100,000 TONS.

GARDINER CONFIRMED THAT OUR PLANNING FIGURE FOR FY 77 IS 100,000 TONS BUT ALSO NOTED WE WILL BE EVALUATING OUR TITLE II PROGRAM THIS MONTH AND THAT WE ARE PARTICULARLY CONCERNED THAT COMMON STANDARDS BE APPLIED BY A.I.D. AND WORLD FOOD PROGRAM FOOD-FOR-WORK PROGRAMS.

D. THE ADMIRAL ASKED THAT WE CONSIDER A WAIVER TO PERMIT BANGLADESH TO SELL JUTE TO CUBA. GARDINER CONFIRMED THAT WAIVER HAS BEEN GRANTED.

4. ASSISTANCE IN LIEU OF FERTILIZER LOAN: KHAN REQUESTED THAT A.I.D. PROVIDE ASSISTANCE IN AGRICULTURAL CREDIT, RAILWAY REHABILITATION AND/OR RURAL ELECTRIFICATION TO SUBSTITUTE FOR DOLS 30 MILLION THAT WAS NOT OBLIGATED AS ORIGINALLY PLANNED FOR FERTILIZER THIS YEAR. IN DISCUSSION WHICH FOLLOWED A.I.D. PARTICIPANTS MADE THESE POINTS:

-- FY 1976 FUNDING LAPSED JUNE 30. IT IS IMPOSSIBLE TO RESTORE FULL AMOUNT TO BANGLADESH PROGRAM.

-- WE HAVE UNDER CONSIDERATION A DOLS 5 MILLION PROJECT FOR FERTILIZER STORAGE FOR INTERIM QUARTER.

-- WE ARE PLANNING MAJOR RURAL ELECTRIFICATION PROJECT FOR FISCAL 1977.

-- WE WILL BE CONSIDERING AN AGRICULTURAL CREDIT PROJECT AS PART OF THE FY 1978 PROGRAM.

-- RAILWAYS ARE NOT A PROGRAM AREA WE CAN ADDRESS UNDER OUR LEGISLATIVE MANDATE. WE RECOGNIZE HOWEVER THAT BANGLADESH HAS SERIOUS TRANSPORTATION AND COMMUNICATION NEEDS AND WE WOULD BE WILLING TO SUPPORT A SPECIAL MEETING IN DACCA OF AID GROUP TO ADDRESS THIS SECTOR. IT MAY NOT BE POSSIBLE FOR US TO FUND PROJECTS IN THIS SECTOR BUT THROUGH PROCESS OF DONOR COORDINATION WHICH COULD RESULT FROM SUCH A MEETING WE MAY BE ABLE TO RELEASE OTHER DONOR FUNDING FOR TRANSPORTATION AREA BY SUBSTITUTING A.I.D. RESOURCES IN SECTORS OF PARTICULAR INTEREST TO US. THE ADMIRAL APPEARED RECEPTIVE TO THE CONCEPT OF A SPECIAL MEETING OF THE AID GROUP TO CONSIDER

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TRANSPORTATION AND COMMUNICATION INFRASTRUCTURE.

5. FARAKKA: ADMIRAL KHAN CONFINED HIS REMARKS ON FARAKKA TO URGING THAT A I.D; SPEED ITS ASSISTANCE TO COASTAL EMBANKMENTS IN ORDER TO HELP COUNTERACT INCREASED SALINE INTRUSION.

6. RURAL WORKS: IN RESPONSE TO ADMIRAL'S QUESTION ABOUT STATUS OF POSSIBLE A.I.D. SUPPORT FOR RURAL WORKS, BECKMAN EXPLAINED THAT WE WERE EXPECTING TO RECEIVE FINAL REPORT OF AN A.I.D. CONSULTANT WHO HAS BEEN EXAMINING FEASIBILITY OF A LOAN-FINANCED, CASH-BASED RURAL WORKS PROGRAM DURING PAST CONSTRUCTION SEASON. THE MAJOR EMPHASIS WHICH HAS BEEN PLACED BY BDG ON IMPLEMENTATION OF FOOD-FOR-WORK PROGRAM HAS PRE-EMPTED ATTENTION WHICH MIGHT OTHERWISE HAVE BEEN GIVEN CASH-BASED RURAL WORKS. ACCORDINGLY, OUTLOOK FOR U.S. ASSISTANCE IS POOR.

BEGIN L.O.U.

7. HELICOPTERS AND WATER CRAFT: ON WHAT WAS CLEARLY MOST IMPORTANT ITEM ON HIS AGENDA, KHAN MADE INSISTENT APPEAL FOR A.I.D. HELP IN OBTAINING SIX HELICOPTERS TO REPLACE SOVIET MACHINES FOR WHICH SPARE PARTS NO LONGER AVAILABLE. PARKER EXPLAINED THAT IT IS IMPOSSIBLE FOR AID TO CONSIDER PROVIDING ASSISTANCE FOR THE PROCUREMENT OF HELICOPTERS BECAUSE OF STRONG ADVERSE CONGRESSIONAL FEELING, BUT OFFERED TWO POSSIBILITIES IN THE EVENT OF A DISASTER WHICH WOULD REQUIRE HELICOPTERS: (1) HE HAS ASKED U.S. NAVY TO REVIEW ITS ABILITY TO PROVIDE HELICOPTERS DURING THE JULY-SEPTEMBER MONSOON PERIOD WHEN FLOODING IS MOST LIKELY TO STRIKE; (2) A.I.D. WOULD BE WILLING TO ASSIST BANGLADESH IN SECURING SHORT-TERM COMMERCIAL CONTRACTS FOR PACKAGE SUPPLY OF HELICOPTERS, PILOTS, AND SUPPORT EQUIPMENT. KHAN WAS CLEARLY DISAPPOINTED AND INDICATED THAT HE WOULD WISH TO RAISE QUESTION OF HELICOPTERS AGAIN, POSSIBLY IN CONTEXT OF A POSSIBLE SPECIAL DONOR MEETING ON TRANSPORTATION SECTOR END L.O.U.

8. SURVEY SHIP: DHAN STATED HE IS LOOKING FOR AN OCEANOGRAPHIC SZBAAY SHIP TO HELP CHART BANGLADESH XXXXXX COASTAL WATERS. MR. PARKER INDICATED WE WOULD LOOK AT AVAILABILITIES UNDER SURPLUS PROPERTY BUT NOTED SATELLITE PHOTO IMAGERY MIGHT BE AS HELPFUL.

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9. AS FINAL ITEM, KHAN SUBMITTED A PAPER ON A PROPOSED GANGES BARRAGE PROJECT. (A COPY IS BEING POUCHED TO THE MISSION.) HE ALSO PROVIDED A COPY OF A BOOKLET ENTITLED QUOTE RAILWAY REHABILITATION PROGRAMME UNQUOTE, DATED MAY, 1976.

10. THE MEETING CONCLUDED WITH THE PRESENTATION OF A GIFT TO MR. AND MRS. PARKER.

11. REQUEST MISSION COMMENTS ON SUGGESTION REGARDING POSSIBILITY OF SPECIAL AID GROUP SESSION IN DACCA TO ADDRESS TRANSPORT SECTOR. WE WILL RAISE QUESTION WITH BANK HERE.

DECONTROL FOLLOWING JULY 9, 1977. KISSINGER